

AN ACT

relating to requiring certain alcoholic beverage permittees to be the primary American source of supply for certain alcoholic beverages.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 37.10, Alcoholic Beverage Code, is amended to read as follows:

Sec. 37.10. RESTRICTION AS TO SOURCE OF SUPPLY. (a) No holder of a nonresident seller's permit may solicit, accept, or fill an order for distilled spirits or wine from a holder of any type of wholesaler's or winery permit unless the nonresident seller is the primary American source of supply for the brand of distilled spirits or wine that is ordered.

(b) In this section, "primary American source of supply" means the distiller, the producer, the owner of the commodity at the time it becomes a marketable product, the bottler, or the exclusive agent of any of those. To be the "primary American source of supply" the nonresident seller must be the first source, that is, the manufacturer or the source closest to the manufacturer, in the channel of commerce from whom the product can be secured by Texas [American] wholesalers and Texas wineries. Except as provided by Subsection (c), a product may have only one primary American source of supply to Texas.

(c) A product may have more than one primary American source

1 of supply to Texas if the product is a wine that is bottled or
2 produced outside of the United States.

3 SECTION 2. Subsections (a) and (d), Section 101.671,
4 Alcoholic Beverage Code, are amended to read as follows:

5 (a) Before an authorized permittee may ship distilled
6 spirits or wine into the state or sell distilled spirits or wine
7 within the state, the permittee must register the distilled spirits
8 or wine with the commission and provide proof that the permittee is
9 the primary American source of supply for purposes of Section
10 37.10. Except for rare or vintage wine that is acquired at auction
11 and for which no certificate is available, the [The] registration
12 application must include a certificate of label approval issued by
13 the United States Alcohol and Tobacco Tax and Trade Bureau for the
14 product. Rare or vintage wine purchased at auction and registered
15 by the commission under this subsection must comply with all other
16 provisions of this code, including provisions regarding the sale,
17 purchase, importation, and distribution of that wine.

18 (d) The commission by rule may ~~[shall]~~ establish procedures
19 for accepting:

20 (1) federal certificates of label approval for
21 registration under this section; and

22 (2) proof, such as a letter of authorization, that a
23 permittee is the primary American source of supply of the product or
24 brand for purposes of Section 37.10.

25 SECTION 3. This Act takes effect September 1, 2013.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 950 passed the Senate on April 29, 2013, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 25, 2013, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 950 passed the House, with amendment, on May 22, 2013, by the following vote: Yeas 143, Nays 5, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor